

# Nursing Home Wage and Benefit Enhancement Program

## Frequently Asked Questions #1

1. Question: Please define “day of implementation” as defined in the proposed Medicaid State Plan.

*Response: The “day of implementation” as defined in the Medicaid State Plan will be the first day the wage or benefit enhancement is implemented. In situations where a nursing facility implements various wage and/or benefit increases on different dates, the Department will issue rate adjustments corresponding to the various phases of implementation.*

2. Question: Can a nursing facility increase wages through bonuses rather than an increase in hourly wages?

*Response: The intent of the Wage and Benefit Enhancement Program is to increase hourly wages for eligible nursing facility employees. Because bonuses are one-time increases in take-home compensation and do not represent a permanent increase in wages, bonuses will not qualify as a wage increase under this Program.*

3. Question: If a nursing facility historically provides wage increases on anniversary dates, how will this Program handle this scenario?

*Response: The intent of the Wage and Benefit Enhancement Program is to fully utilize the \$34 million in funding that is available in SFY 2016. A phased-in implementation utilizing anniversary dates will likely result in a significant reduction in additional wage and benefit enhancements provided during the first year of implementation. Additionally, phased-in wage increases utilizing anniversary dates will result in a much more complicated rate calculation and audit process. Every effort should be made to implement wage increases for all employees on a single implementation date. For this initiative, nursing facilities should implement wage increases on the same date; facilities may return to anniversary date increases for subsequent wage increases.*

4. Question: The Program does not address mandated tax increases that will result from wage increases. Are increases in payroll taxes covered cost under this Program?

*Response: The Program will not provide funding for an increase in payroll tax liability. The available funding was intended to fund increases in the wages and benefits of eligible employees.*

5. Question: The Program does not establish a due date for the submissions and certifications. Please clarify the Department's expectations.

*Response: The Department did not set a due date for the submissions and certifications from each nursing facility. The Department's understanding is that it will take several weeks to finalize the wage and benefit enhancement agreements. In order for funding to be distributed in a timely manner, it is important that each nursing facility submit the requested information as soon as possible.*

6. Question: Will larger wage increases at a facility increase that facility's share of the \$26 million?

*Response: The allocation of the \$26 million will be distributed pro-rata based on each facility's wage increase. In general, the larger the facility's wage increase the greater the facility's share of the \$26 million. Costs mandated by collective bargaining agreements or otherwise provided by a facility to its employees will be reviewed for reasonableness to be included in the proration.*

7. Question: How can providers attest to the accuracy of forecasted costs?

*Response: The provider must attest their intention to implement the increases as reported. Because the requested information should be provided after the wage and benefit increases are agreed upon, the nursing home operators should have an accurate estimate of the new costs associated with the eligible increases.*

8. Question: What are eligible pension plans?

*Response: Defined contribution plans and defined benefit plans are both eligible pension plans. Increases in contributions to an existing plan are covered under SPA 15-032 part 2 and the implementation of a new pension plan is covered under SPA 15-032 part 3.*

9. Question: Is "Health Care Services Contract Workers" a generic term?

*Response: "Health Care Services Contract Workers" refers to contract workers employed by the nursing facilities who, through a contractual agreement, will receive the same wage/benefit increases as workers employed directly by the facility. Nursing facilities should be able to provide documentation to show that the wage increases are mandatory and only reflect costs related to increased wages for eligible employees.*

10. Question: Please define training.

*Response: Allowable training costs will include the costs incurred to provide additional training for eligible employees under this Program to maintain or improve skills necessary to perform their job functions.*

11. Question: Facilities are concerned about cash flow. Can the Wage and Benefit Enhancement Program be implemented in phases?

*Response: The funds will be distributed based on each facility's pro-rata share of available funding. A facility's share of the available funding cannot be calculated until the total amount for all facilities is known. Therefore, the Department will not be able to phase in the Program.*

12. Question: Is it the intent of the Program to appropriate less to the facilities that gave wage increases to its employees prior to July 1, 2015 and more to those that did not?

*Response: Because the Program will only address increases provided during SFY 2016, facilities that provided increases prior to July 1, 2015 will not be disadvantaged. The pro-rata distribution of funds will proportionally distribute wage and benefit funding for wage and benefit increases provided in SFY 2016.*

13. Question: Is a provider required to submit a request? Are they obligated to accept the funds? Will the unused funds be redistributed?

*Response: All providers are required to respond even if they do not intend to increase wages or benefits under this Program. However, a provider may not accept any of the funds allocated for this purpose unless they plan to increase employee wages. If rate reductions are implemented as a result of non-compliance, there will be no redistribution of these funds to other facilities.*

14. Question: Will other staffing adjustments and cost changes, such as replacement of retiring employees with lower cost employees, usage of nursing pools or reduction of costs based on census changes, workers on light duty, etc. have an impact on the wage enhancement payment or is the amount of the payment strictly related to providing a wage increase to employees?

*Response: Using provider payroll journals, in addition to cost reports, the Department will conduct a review to determine if the wage and benefit enhancements were implemented appropriately.*

15. Question: It is our belief that wage enhancements do not need to be uniform by employee or job category, can you please confirm?

*Response: There is no requirement for uniform wage enhancements.*

16. Question: Are the benefits items included on Request for Information #3 going to be analyzed on audit to meet the enhancement criteria in total or are they included on a line-by-line basis?

*Response: The benefit items will be analyzed to determine if they meet enhancement criteria on a line-by-line basis.*

17. Question: If a facility decides to start a new pension plan under part 3 of the wage enhancement, would those costs be allowable if, in part 2 of the wage enhancement, costs to an existing pension plan were to be reduced, or would only the net impact of the two plans be allowed for wage enhancement reimbursement?

*Response: Only increases to an existing pension plan should be reported in part 2. New pension plan costs should be reported in part 3. If existing pensions are decreased or eliminated, the new pension costs reported under part 3 shall be offset by any pension decreases.*

18. Question: Will the information provided by facilities be protected from public disclosure?

*Response: Nursing facilities may request that their information request is not disclosed under the Freedom of Information Act. The Department modified the "Final Wage and Benefit Enhancements" file to include an FOI exception option that will allow nursing facilities to request that their information is kept confidential.*